



RIVENROCK  
CAPITAL, LLC



# RIVENROCK

CAPITAL, LLC

## WELCOME

### **RIVENROCK CAPITAL, LLC...**

provides management support and capital to family-owned businesses that need assistance reaching their financial, growth, or liquidity goals. We specialize in situations in which the family owns the real estate occupied by the business and has experienced a transfer of family leadership and/or ownership to the 2nd or 3rd Generation.

### **OUR UNIQUE APPROACH...**

combines the knowledge of private equity, real estate, operational management and a detailed understanding of the specific challenges associated with family businesses. Unlike other sources of capital, we can take an active role in the daily operations of the business and welcome the opportunity to work with management teams facing significant challenges in one or more areas.

### **OUR ULTIMATE GOAL...**

is to help businesses grow in difficult situations, preserve family legacies and increase value for all stakeholders of the business including family members, employees, vendors and investors.



# RIVENROCK

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## WHO WE ARE

### ABOUT THE PRINCIPALS

The experience and expertise of the principals at Rivenrock Capital, LLC provide an extensive background in business management, family business dynamics, real estate and private equity investing. Additionally, the principals of Rivenrock Capital, LLC have, for several generations, had active involvement in their own family owned and run businesses. We possess first-hand knowledge concerning the unique financial and emotional challenges faced by family members who own and run a business together. Rivenrock offers this knowledge to family businesses with the intent to improve the operations and profitability of both the company and real estate.



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## WHO WE ARE

### ABOUT THE PRINCIPALS



**JOHN J. NELSON** is a senior executive with 35-years of leadership and achievement in both large and small companies within high and low technology industries. His business experience includes 10 years in management positions with Ford Aerospace and fulfilling President, Chief Executive and Financial Officer responsibilities for several manufacturing companies with revenues over \$25 million. Mr. Nelson has experience in turnaround management, planning, direction of operations, government and commercial contract negotiations, project management, marketing, and new business.

Additionally, Mr. Nelson has served as an advisory member of the Board of Directors of five thriving companies, including an international operation with manufacturing facilities in California. He is also a resource speaker on “Corporate Growth and Improving Performance” and has spoken to over 50 management groups, involving over 600 CEOs. After graduating from Villanova University with a degree in Electrical Engineering, Mr. Nelson was commissioned as an officer in the United States Marine Corps, where he served as a combat jet pilot in Vietnam and was awarded the Distinguished Flying Cross.

Mr. Nelson received his Masters in Business Administration from Pepperdine University in California.



## RIVENROCK CAPITAL, LLC

### WHO WE ARE

#### ABOUT THE PRINCIPALS



**DAVID V. ADAMS, SR.’s** real estate activities began with the development and management of office properties in Los Angeles in 1965 when he joined the family office of Morgan Adams, Inc. Stemming from active involvement as President of Morgan Adams, Inc., from 1978 to 1992, his real estate experience includes the purchase, management and development of industrial, residential and tax credit properties. Mr. Adams co-founded Nevins Adams Lewbel Schell ([www.nevinsadams.com](http://www.nevinsadams.com)) in 1990 and Marcus Adams Capital ([www.marcusadams.com](http://www.marcusadams.com)) in 1996.

Today, Mr. Adams is Chairman of Morgan Adams, Inc. as well as Nevins Adams Lewbel Schell and Marcus Adams Capital where he is responsible for managing investor relations and investment oversight. Nevins Adams Lewbel Schell owns and manages approximately 11,000 apartment units across the western United States with an estimated market value that exceeds \$500,000,000. Marcus Adams Capital owns and manages approximately 1,800,000 square feet of industrial space with an estimated market value in excess of \$200,000,000.

Mr. Adams’ community involvement to date includes serving as President of Los Angeles Beautiful (1990–91); a Trustee of Hollenbeck Home (1995 to present); Chairman of the Board of Trustees of Marymount Academy in Santa Barbara (1998–99); President of Rampart Boosters (1992–94); Past Executive Director of Ted Hayes Homeless Project (Dome Village) Los Angeles (1993–94); and Board Member of Homeboy Industries (2003–Present). Other business involvement includes serving on the Board of Directors of Nevins Adams Lewbel Schell, Morgan Adams, Inc., Mortgage Oil Corporation and Cary Products, Inc.

Mr. Adams received his Bachelors degree in Real Estate and Finance from the University of Southern California. He holds a Real Estate Brokers license and a Real Property Administrator designation from the Building Owners and Managers of Greater Los Angeles (BOMA).



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### ABOUT THE PRINCIPALS



**DAVID V. ADAMS, JR.** has over 12 year of experience in financial management with an investment focus in Private Equity and Real Estate. Mr. Adams also has experience in the acquisition and property management of both industrial and residential real estate and extensive exposure to family-run businesses, family business consultants and organizations that cater to the needs of family businesses. Since 2002, Mr. Adams has actively sourced investment opportunities for Rivenrock Capital and has assisted companies with financial analysis, strategic planning, turnaround management and marketing.

Mr. Adams is currently the President of Mortgage Oil Corporation and a Principal with the investment banking firm of Alexander Dunham Capital. He also recently served for 4 years as President and CEO of Paxton Automotive Corporation, a specialty automotive product manufacturing company that he purchased in 1998 and sold in 2001.

Today, Mr. Adams is a member of the Association for Corporate Growth, the Turnaround Management Association and the Family Firm Institute. He serves as a Board Member and Treasurer of Urban Compass, a non-profit organization helping inner city youth avoid the cycle of poverty and violence through early intervention intended to place them on the path to a college education.

Mr. Adams graduated with a Bachelor of Arts in Psychology from the University of California, Los Angeles in 1991. Mr. Adams also earned his Masters in Business Administration from the University of Southern California in 1997, where he graduated with honors.



# RIVENROCK

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## WHAT WE DO

### INVOLVEMENT

The Principals of Rivenrock Capital, LLC, collectively, possess over 85 years of experience with exposure to hundreds of real estate investments and operating companies. Our experience has taught us one primary principal: money alone does not solve problems. It takes a strong, well rounded management team to build a successful business. Our Principals have decades of hands-on experience overcoming challenging business situations. In addition to capital, Rivenrock Capital, LLC offers the knowledge of its principals to ensure each company has a solid foundation and the tools necessary for growth.



## RIVENROCK CAPITAL, LLC

### WHAT WE DO

#### OUR SUCCESSES

Rivenrock Capital, LLC was officially formed in November 2004, however, the principals of Rivenrock Capital, LLC have worked together on several projects since 1999. Following is a sample of companies that have benefited from our experience and hands-on approach as a tactical team.

##### **FIREPOPPY, INC.**

Rivenrock Capital, LLC purchased a Series A round of preferred equity in FirePoppy, Inc. ([www.firepoppy.com](http://www.firepoppy.com)) in December 2004. FirePoppy, Inc. provides niche manufacturers the ability to sell on-line, but in a way that encourages their existing retail network to stock more inventory. The Rivenrock investment provided the working capital necessary to expand the company's sales and marketing efforts. In 2005, Rivenrock Capital, LLC entered into a consulting agreement with FirePoppy and acted as both a Sales Consultant, to introduce FirePoppy to the Aftermarket Auto Industry, and an interim CFO, to help revise FirePoppy's financial information and accounting systems. During this period, the company achieved a 180% increase in revenue and profitable operations. Today, FirePoppy is poised for exceptional growth in both Domestic and International markets.

##### **MORTGAGE OIL CORPORATION**

Mortgage Oil Corporation is a closely held, publicly traded company started in 1947. The company primarily focuses on real estate related businesses. The Principals of Rivenrock Capital, LLC assumed rolls as President and Board Members in 2002. Since 2002, the market value for the stock has increased over 100% from \$38 to \$81. Mortgage Oil Corporation is now positioned for a possible reverse merger with a company looking for access to public capital.

##### **PAXTON AUTOMOTIVE CORPORATION**

The Principals of Rivenrock Capital, LLC purchased the Automotive Division of Paxton Products in 1998. Paxton had a 50 year legacy in the automotive aftermarket under family ownership for two generations. The spin off provided both the challenges of a start up company and a turnaround situation. The principals of Rivenrock took active roles in the daily operations of the company and identified a series of accounting, production, management and process inefficiencies and implemented a long-term plan to achieve profitability and growth. Within 18 months, Paxton Automotive completely replaced its product line, nearly eliminated warranty related issues, restored its reputation in the marketplace and improved profitability. During this time, the Principals of Rivenrock Capital, LLC purchased a new facility to house the operations of the company. In 2001, Paxton Automotive merged with a competitor to consolidate overhead and maximize profitability.





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## WHAT WE DO

### FOCUS

Rivenrock Capital, LLC primarily focuses on businesses easily accessible from our home offices in Los Angeles, California. Predominantly this entails businesses in and around Southern California, however, we will consider companies within 2-hours of air travel proximity from Los Angeles.

Our principals prefer manufacturing and distribution businesses with a proprietary product line and technology related companies that enhance existing manufacturing and distribution businesses. We do not typically get involved with retail, textile, health care or early staged businesses with long research and development cycles.

Rivenrock Capital, LLC looks for opportunities in a variety of industries but has particular experience in:

- Consumer products
- Educational products/toys
- Innovative construction related products and services
- Aftermarket parts for cars, trucks and recreational vehicles
- Furniture
- Food manufacturing
- Aerospace
- Heavy manufacturing



**RIVENROCK**  
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## HOW WE CAN HELP YOU

### **ANATOMY OF A FAMILY BUSINESS**

A family business is simply a closely-held, privately-owned company founded by one or two individuals. These entrepreneurs are the first generation visionaries who struggle through start up challenges to develop successful businesses. As the business grows, so does the family and in time, the ownership of the business may include the children and/or grandchildren of the founder. By the second or third generation, the business may have dozens of owners with different personal goals. Some may wish to continue running the business while others may desire consistent cash flow or complete liquidity.

Rivenrock Capital, LLC helps first, second and third generation businesses with their unique challenges. From entrepreneurs seeking assistance to grow a company, to third generation family members desiring partial or complete liquidity, Rivenrock Capital, LLC offers solid support including companies in the most challenging family business circumstances.



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## HOW WE CAN HELP YOU

### HELPING 1<sup>ST</sup> GENERATION BUSINESSES GROW

Entrepreneurs often face significant challenges in pursuing their dreams. Even the best concept does not guarantee the success of a business. Like a stool, a viable business needs the foundation of three solid legs. A good concept must be complimented with strong sales to produce revenue and operational controls to ensure profitability. Entrepreneurs typically excel with new concepts, but find themselves spread “too thin” to focus properly on areas of sales or business controls. As is the case in any new business, capital to launch a successful venture is always essential.



Rivenrock Capital, LLC helps support growing businesses by strengthening the areas that need foundational reinforcement and providing working capital to achieve profitable operations. Our principals can fill roles such as sales manager, marketing consultant, Chief Financial Officer and Chief Operating Officer. Rivenrock implements guidelines and controls for each of these areas, thereby providing the owner with long term accountability from future employees in these positions. Rivenrock Capital, LLC helps transform a good concept to a solid business and can then arrange long term financing for significant growth.

Our typical First Generation Investment Candidates have:

- Annual sales less than \$1 million
- Less than 20 employees
- Potential to achieve profitable operations in a 12-month period
- An owner who needs assistance in business development, sales and financial controls
- Short-term working capital needs of \$500,000 to \$1,000,000

Rivenrock Capital, LLC is an alternative to Venture Funds that take a passive role investing in companies with expectations that 10% of the deals will be successful and 90% will fail. No new business owner wants to be the nine out of ten that are unsuccessful. Rivenrock Capital, LLC acts as a financial partner to ensure that each company, in which we invest, has the capital and expertise necessary to be successful.



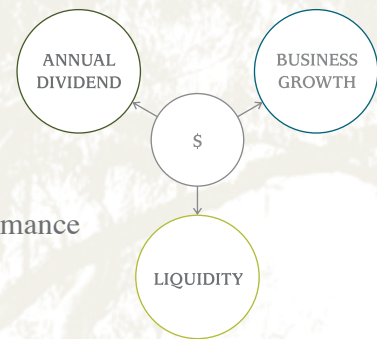
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## HOW WE CAN HELP YOU

### PARTIAL LIQUIDITY IN THE 2<sup>ND</sup> AND 3<sup>RD</sup> GENERATION

A family can be a complex combination of relationships with different members fulfilling very diverse, and often adversarial, roles. These complicated dynamics often result in a group of individuals that do not make good business partners and by the second or third generation a business may be owned by several family members with conflicting visions for the business. While some may wish to continue running the business, others may prefer liquidity to pursue other endeavors. These internal conflicts can result in temporarily depressed performance of the business causing stress on the family unit and damage to life long relationships.



Rivenrock Capital can provide necessary liquidity for family members that wish to sell their interest in the business and infuse growth capital for the individuals who wish to continue running the company.

Rivenrock can provide \$2-20 million of liquidity and growth capital to companies that:

- Produce sales of \$5-50 million
- Have annual cash flow of \$1-5 million
- Would like to restructure the ownership of the business
- Need assistance with succession planning and family governance
- Preferably own the real estate occupied by the business

Based on our unique financing structures, we can provide alternatives for the family to maintain control of the business. Most importantly, the principals of Rivenrock Capital can use their experience in business management and family business dynamics to assist with the transition of ownership and ensure the business will increase in value over time.

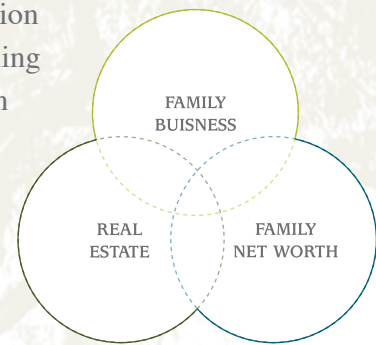


## RIVENROCK CAPITAL, LLC

### HOW WE CAN HELP YOU

#### PRESERVING FAMILY LEGACY IN CHALLENGING SITUATIONS

Rivenrock Capital, LLC specializes in helping underperforming family businesses that also own the real estate occupied by the business. By owning the business and the real estate of the business, families often commingle a significant portion of their net worth into one compounded asset. In good times, owning both the real estate and the business can be a positive combination and provide multiple streams of revenue to family members. If a business encounters financial challenges, however, both assets and possibly a significant portion of the family net worth are put in jeopardy. An underperforming business may be unable to pay rent and thereby eliminate all cash flow to family members. Additionally, it may be impossible to vacate the real estate so that it can be used for other potential sources of income. Most concerning, however, is that the family legacy, which may have taken generations to build, is at risk.



Rivenrock can help underperforming family run companies that:

- Produce sales of \$5-50 million
- Are currently run by the family's second or third generation
- Own the real estate, occupied by the business, in a separate LLC or LP
- Need to refinance existing debt with a new lending institution
- Acknowledge that they need professional management assistance
- Offer opportunities in which Rivenrock can invest a total of \$1-5 million

In distressed situations, Rivenrock Capital can infuse capital for growth and help preserve the family legacy. Rivenrock Capital, LLC will purchase an interest in both the real estate and the business thereby creating the ability for all family members to meet their personal goals. The principals of Rivenrock Capital are prepared to take an active role to resolve issues with banks, suppliers, customers and employees. Additionally, we will use our past experience to increase the profitability of the business and help restore the family net worth.



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## WHO YOU SHOULD CALL

### **THE RIVENROCK SUPPORT MODEL**

At Rivenrock Capital, LLC, we believe our support model has unique benefits to family businesses in the process of overcoming turbulent situations. Our experienced experts work diligently to:

1. Offer business management expertise, objective analysis, and advice to improve the performance and operations of the family business.
2. Provide a working capital infusion to stabilize and support the future growth of family businesses.
3. Address the liquidity and emotional needs of the family business owners by providing capital and management expertise intended to create, expand or revive family businesses.
4. Purchase the real estate owned and occupied by family businesses as a means to create liquidity for the owners and eliminated the conflict of commingled assets, thereby enabling a successful turnaround of the business.



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## WHO YOU SHOULD CALL

### **RIVENROCK IS YOUR FINANCIAL PARTNER**

The goal at Rivenrock is to become a financial partner that can help you achieve your goals. Few investment groups have operating experience and are prepared to take an active role to ensure your business has the proper foundation for long term growth. Even fewer firms understand the complex dynamics between the operating company and the real estate. Additionally, we realize that family businesses have long term horizons that typically exceed the 5-7 year liquidation window required by other private equity firms.

We are happy to meet with you at no cost and offer advice for your specific situation, even if there is not an opportunity to establish a long-term relationship. Please call or e-mail us so that we can discuss ways to help you meet your goals.



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